

CAR ESSENTIAL SCHEME POLICY



1. INTRODUCTION

- 1.1 Representatives of the municipality from time to time travel to other cities and towns in order to:
 - 1.1.1 Establish and maintain links and relationships with other municipalities, government bodies, and other parties, institutions and organisations operating in the sphere of local government. It is important for representatives to broaden their knowledge and understanding of and compare local experiences in local government transformation, innovation and change in the rest of the country, and this can effectively be done only through the medium of personal contact with a wide range of local government stakeholders.
 - 1.1.2 Attend seminars, work related workshops, committee meetings with a direct influence on the Council's activities.
 - 1.1.3 Use the vehicle as a tool of trade.
- 1.2 The allocation of a vehicle allowance to Managers as well as field workers enables these staff members to fulfil their duties
- 1.3 Any changes to this policy, as required from time to time, shall be presented and motivated to Council by the Municipal Manager.

2 BACKGROUND

- 2.1 The purpose of this policy is to:
 - 2.1.1 Set out the basis for the payment of a Vehicle Allowance for the purposes of official travelling.
 - 2.1.2 Ensure that officials are paid fairly and equitably for costs incurred while travelling in the execution of duties for and on behalf of the municipality.

3 DEFINITIONS

| | |
|---------------------|--|
| "Official Distance" | Distance in kilometres travelled by an employee in his employer's service, excluding distance between place of work and residence. |
| "Days" | Number of working days in the service of the |

| | |
|----------------------|---|
| | participating local authority. |
| Vehicle Allowance | Compensation for the use of a private vehicle for business purpose. |
| Outside Jurisdiction | Any Travel outside the boundaries of the Naledi Local Municipality Jurisdiction |

4 OBJECTIVE OF THE SCHEME

- 4.1 This scheme deals with the payment of a transport allowance to employees of Naledi Local Municipality who are required to utilize private transport in the execution of official duties.
- 4.2 The objectives of the scheme are to provide for the following:
- 4.2.1 Uniform guidelines, conditions and limitations in terms of which the scheme is to be run; and
- 4.2.2 The basis of compensation and scheme benefits in respect of employees who utilise private transport in the execution of their official duties.

5 SCHEME PARTICIPATION

- 5.1 The Fixed Vehicle Allowance and Running Vehicle allowances apply to any Bargaining Council employee of Naledi Local Municipality who, on request and with the approval of the Municipal Manager, utilizes a private vehicle in the execution of official duties, is a participant in the scheme and is consequently entitled to the specified scheme benefits, but is also subject to the conditions and limitations contained in the scheme.
- 5.2 The Fixed Vehicle Allowance as stipulated in this policy are linked to current Managers, Deputy Managers and Assistant Managers only. All newly appointed Managers as of the adoption of this policy will be subjected to the rules of the Running Vehicle Allowance.

6 SCHEME STIPULATIONS

- 6.1 This scheme provides for participation by all employees of Naledi Local Municipality, except Section 56 Managers, who with the approval of

such authority, utilize private transport in the execution of official duties. Admission to and participation in the scheme are thus primarily determined by the utilization of private transport for official purposes.

- 6.2 Participation in the scheme is thus determined and limited by cost advantages and economic considerations. It is therefore the responsibility of Naledi Local Municipality; with due regard to the scheme stipulations, to determine to what extent private transport shall be utilized for official purposes.
- 6.3 The responsibilities of the Directors reporting directly to the Municipal Manager is to:
 - 6.3.1 Endorse the motivation of the applicant or in the case where job does not require a subsidized vehicle to decline the application.
 - 6.3.2 Confirm or verify official kilometres claimed on the log sheet.
 - 6.3.3 Adjudicate on discrepancies regarding interpretation of private mileage.
 - 6.3.4 Manage all risk associated with the Vehicle Allowance Scheme for their Directorates.
- 6.4 The payment of transport allowances is calculated on the basis of the official distances travelled within the Municipal Jurisdiction, by private transport over a given period of time. In this scheme provision is thus made for the payment of transport allowances in respect of the utilization of private transport for temporary, casual or continues journeys undertaken in an official capacity.
- 6.5 The private vehicle utilised by the employee for the purposes of this policy has to be the property of the incumbent, and registered in the incumbent's name.
- 6.6 The Private Vehicle must be available to perform daily duties. The allowance holder must ensure a suitable replacement vehicle is available on occasion where the allowance holder's vehicle is not available.

7. VEHICLE ALLOWANCE

- 7.1. The Vehicle Allowance is taxed at 100%. A participant of the Vehicle Allowance Scheme may opt to remain taxable according to SARS regulations. The participant has to request this in writing.

- 7.2. The allowance is paid for travel inside the Naledi Jurisdiction and Travel and Subsistence Claims only apply for journeys outside this jurisdiction.
- 7.3. For journeys outside the boundaries of the Municipality the employee must be compensated in terms of the Travel and Subsistence Policy and in accordance with the prescribed Tariffs for the use of Motor Transport as published by the Department of Transport.(Private Rates). All travel outside the Jurisdiction of the Local Municipality must be pre-approved by the Municipal Manager.
- 7.4. It is thus a requirement that such incumbents of posts shall have private transport available on a daily basis for the execution of official duties. The payment of a monthly transport allowance to the various incumbents is however subject to the following conditions:
- (i) Submission of monthly logsheets and workplans is compulsory.
 - (ii) That no official transport is provided to such incumbents.
 - (iii) That the residence to place of work journeys does not form part of the allowance.
 - (iv) That all other requirements contained in this scheme are complied with.
 - (v) That all new Managers will not qualify for Vehicle Allowance unless if they are participating in the Running Scheme which will be determined by the Mayor and Municipal Manager, depending on the nature of their work.

8. RUNNING VEHICLE ALLOWANCE.

- 8.1 When it is agreed with an employee classified as a field worker, to daily utilize private transport for the execution of official duties, and such employee travels more than 650 km per month within the Jurisdiction of the Local Municipality, a running monthly transport allowance may be paid in accordance with the total distance travelled.
- 8.2 Officials who qualify for the Vehicle Allowance, who also qualify as a field worker, may opt to be a participant of the Running Vehicle

Allowance Scheme instead of the Vehicle Allowance, should they qualify as per 8.1 above.

- 8.3 The post, to which this monthly running transport allowance is coupled, is known as a transport allowance bearing position and is subject to the conditions specified in this scheme.
- 8.4 It is thus a requirement that such incumbents of posts shall have private transport available on a daily basis for the execution of official duties.
- 8.5 The payment of a Running Transport Allowance is subject to the following conditions:
- (i) Submission of the relevant application form (VA (2)), including recommendation of monthly kilometres (Allocated Kilometres), as well as motivation for the recommendation signed by the relevant head of department and authorised by the Municipal Manager.
 - (ii) Submission of all required documents as per the application form.
 - (iii) Submission of a monthly log sheet.
- 8.6 Should an employee exceed the distance limitation within the jurisdiction of the municipality, the kilometres in excess will be compensated based on the current tax year's tables from SARS based on the running cost only.
- 8.7 Payment of additional kilometres is subject to the submission of detailed logsheet, generated by a tracking system, signed by the employee as well as the head of department, clearly showing the official reason for each official trip and why the distance limitation was exceeded.
- 8.8 For journeys outside the boundaries of the Municipality the employee must be compensated in accordance with the prescribed Tariffs for the use of Motor Transport as published by the Department of Transport.(Private Rates) as per the Travel and Subsistence Policy
- 8.9 In order to claim as per 8.8 for journeys outside the boundaries of the Municipality, relevant proof must be attached and a Travel and Subsistence claim must be submitted. All travel outside the Jurisdiction of the Local Municipality must be pre-approved by the Municipal Manager.

- 8.10 Should the Municipality or incumbent of a transport allowance bearing post require a re-determination of the official distance limitation connected to a position, the average kilometres travelled over the preceding 12 months will become the new official distance limitation.
- 8.11 Should an employee not be satisfied with the determination or re-determination of the official distance limitation applicable to the transport allowance bearing position occupied by him, a written request for re-evaluation of the distance limitation must be lodged with the Municipal Manager clearly stating the reason for the request.
- 8.12 The Running Vehicle Allowance is authorised within the following parameters.
- 8.12.1 If the incumbent purchases a vehicle, the allowance will be payable for the duration of the repayment agreement with the bank/financial institution up to a maximum of 5 years. The vehicle allowance can then be re-applied for, based on the same vehicle or a new one.
- 8.12.2 If the incumbent purchases a vehicle cash or already owns the vehicle, the agreement will be in place for a period of 3 years, where after the incumbent will have to re-apply.
- 8.12.3 If the incumbent already owns the vehicle and a repayment agreement is still in place, the allowance will be valid for the period remaining on the repayment agreement, limited to a maximum period of 5 years in total.
- 8.12.4 Should the incumbent wish to purchase a different vehicle before the lapse of the periods as stipulated in 8.12.1 to 8.12.3, the incumbent will have to re-apply. Unauthorised vehicle amendment will result in a suspension or termination of the vehicle allowance.

9. **Ad Hoc Vehicle Allowance**

- 9.1 Employees who are required to utilise their private vehicles on an ad hoc basis will be reimbursed as follows:
 - 9.1.1 Official Travel in excess of 100km per month in execution of official duties will be reimbursed as per the Department of Transport Rates.
 - 9.1.2 Such travel must be motivated prior to the travel and authorised by the Municipal Manager before payment can occur.
 - 9.1.3 Should official vehicles be available, or the unit performing the travel can utilise a vehicle of a transport allowance bearing position, such travel will not be approved.

10. **VEHICLE ALLOWANCE PAYABLE TO EMPLOYEES ON AN ACTING POSITION.**

- 10.1 An employee occupying a transport bearing position and who temporarily occupies another transport bearing position, shall from this date, and for as long as he temporarily acts in the other position, be paid a transport allowance based on the official annual kilometre distance applicable to the temporary position, or the transport allowance applicable to his own position, whichever is the bigger.
- 10.2 An employee who does not occupy a transport allowance bearing position, when acting temporarily in the place of an employee who does occupy a transport allowance bearing position, shall, if such employee provides a private vehicle for the period during which so acting, receive the transport allowance applicable to such transport allowance bearing position.
- 10.3 For 10.2 above, should the acting position be a transport allowance bearing position, for which a running allowance is paid, the allowance will be calculated based on the allocated kilometres for the vehicle allowance bearing position that the person is acting in, as well as the capacity and value of the acting incumbents vehicle. Should no signed logsheet be received for the acting period, no allowance will be payable.

11 CALCULATION OF RUNNING VEHICLE ALLOWANCES

- 11.1 A transport allowance is payable monthly and is calculated with the use of the rates per kilometre, as determined by SARS annually.
- 11.2 The Fixed cost is determined by the cost price of the vehicle, which is limited to the total annual salary of the participant. The implementation of the annual increase will be utilised to determine if an increase in the allowance is due.
- 11.3 The Running cost is determined by the value of the vehicle.
- 11.4 The Fixed Cost and Running cost is added together to determine the Total Ownership Cost per Kilometre.
- 11.5 The calculation to determine the Monthly Running Vehicle Allowance is done as follows:

$$\text{Total Ownership Cost Per Kilometer} \times \text{Monthly Kilometre Distance allocated.}$$
- 11.6 The transport allowance for a particular calendar month shall, where possible, be paid to the employee at the end of the same month.
- 11.7 With regard to periods of unpaid leave or the period prior to an employee assuming duty in the particular transport allowance bearing position, such monthly transport allowance of an employee shall be reduced on a pro rata basis.

12 SUSPENSION OR TERMINATION OF RUNNING VEHICLE ALLOWANCES

- 12.1 Should an employee occupying a transport allowance bearing position be transferred at his own request to another position not bearing any transport allowance, no transport allowance shall be payable from date of transfer.
- 12.2 Should an employee be demoted or transferred from a transport allowance bearing position due to misconduct such an employee's vehicle allowance will be terminated as of the date of transfer or demotion.
- 12.3 Should an employee who occupies a transport allowance bearing position be transferred to a non-transport bearing position, the

Municipality shall give such employee six months written notice of the retraction of the transport allowance, during which period of six months the employee shall receive a monthly transport allowance calculated based only on the fixed cost.

- 12.4 Should the Municipality, for economic reasons, decide to retract an employee's transport allowance, the employee shall receive six months' notice of such retraction during which period of six months the employee shall receive a monthly transport allowance calculated based only on the fixed cost, provided the employee's vehicle is not utilised by the Municipality during this period.
- 12.5 Should an employee dispose of the vehicle for whichever reason, the payment will be terminated as of the date of disposal. A new application will have to be approved prior to reinstatement of the allowance. Such approval is not guaranteed.

13. RESPONSIBILITY OF ALL VEHICLE ALLOWANCE PARTICIPANTS

- 13.1 Recipients of Vehicle Allowance and Running Vehicle Allowances are responsible for:
 - 13.1.1 Submission of monthly logsheets by the 4th of each month.
 - 13.1.2 All payments in respect to the vehicle ie insurance, maintenance, repairs and other incidental expenses.
 - 13.1.3 Up to date insurance, including SASRIA for damage due to riots or strike action.
 - 13.1.4 Purchase and use of an appropriate vehicle for the type of work involved.

14 RETENTION OF BENEFITS

- 14.1 All holders of Vehicle Allowances prior to the adoption of this policy will retain their current benefits.
- 14.2 All new applicants and employees of Naledi Local Municipality will be regulated by this policy, with no exception.

15 DELEGATION OF POWERS

- 15.1 This policy should be applied with due observance of the municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Council and Municipal Manager as well as between the Municipal Manager and other responsible officials. All delegations in terms of this policy document should be recorded in writing.

16 IMPLEMENTATION OF THIS POLICY

- 16.1 This policy will be effective from the date the policy is approved per council resolution.